

HOUSE BILL NO. 182

INTRODUCED BY M. JOPEK

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4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING SCHOOL FUNDING BY AN AMOUNT OF MONEY
5 EQUAL TO THE ROYALTY PAYMENTS ATTRIBUTABLE TO OIL AND GAS ACTIVITY ON TRUST LAND IN
6 THE PUBLIC SCHOOL FUND; ALLOCATING THE FUNDS FOR TECHNOLOGY ACQUISITION AND
7 DEPRECIATION, PROGRAMS FOR AT-RISK STUDENTS, AND PROGRAMS TO SERVE GIFTED AND
8 TALENTED CHILDREN; INCREASING THE MAXIMUM GENERAL FUND BUDGET TO ACCOUNT FOR THE
9 PAYMENT; AMENDING SECTIONS 20-9-306, 20-9-343, 20-9-534, AND 20-9-620, MCA; AND PROVIDING AN
10 EFFECTIVE DATE."

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12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13
14 **Section 1.** Section 20-9-306, MCA, is amended to read:
15 **"20-9-306. Definitions.** As used in this title, unless the context clearly indicates otherwise, the following
16 definitions apply:
17 (1) "BASE" means base amount for school equity.
18 (2) "BASE aid" means:
19 (a) direct state aid for 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement for the
20 general fund budget of a district;
21 (b) guaranteed tax base aid for an eligible district for any amount up to 35.3% of the basic entitlement,
22 up to 35.3% of the total per-ANB entitlement budgeted in the general fund budget of a district, and 40% of the
23 special education allowable cost payment;
24 (c) the total quality educator payment;
25 (d) the total at-risk student payment;
26 (e) the total Indian education for all payment; and
27 (f) the total American Indian achievement gap payment.
28 (3) "BASE budget" means the minimum general fund budget of a district, which includes 80% of the basic
29 entitlement, 80% of the total per-ANB entitlement, 100% of the total quality educator payment, 100% of the total
30 at-risk student payment, 100% of the total Indian education for all payment, 100% of the total American Indian

1 achievement gap payment, and 140% of the special education allowable cost payment.

2 (4) "BASE budget levy" means the district levy in support of the BASE budget of a district, which may
3 be supplemented by guaranteed tax base aid if the district is eligible under the provisions of 20-9-366 through
4 20-9-369.

5 (5) "BASE funding program" means the state program for the equitable distribution of the state's share
6 of the cost of Montana's basic system of public elementary schools and high schools, through county equalization
7 aid as provided in 20-9-331 and 20-9-333 and state equalization aid as provided in 20-9-343, in support of the
8 BASE budgets of districts and special education allowable cost payments as provided in 20-9-321.

9 (6) "Basic entitlement" means:

10 (a) \$230,199 for each high school district;

11 (b) \$20,718 for each elementary school district or K-12 district elementary program without an approved
12 and accredited junior high school or middle school; and

13 (c) the prorated entitlement for each elementary school district or K-12 district elementary program with
14 an approved and accredited junior high school or middle school, calculated as follows using either the current
15 year ANB or the 3-year ANB provided for in 20-9-311:

16 (i) \$20,718 times the ratio of the ANB for kindergarten through grade 6 to the total ANB of kindergarten
17 through grade 8; plus

18 (ii) \$230,199 times the ratio of the ANB for grades 7 and 8 to the total ANB of kindergarten through grade
19 8.

20 (7) "Budget unit" means the unit for which the ANB of a district is calculated separately pursuant to
21 20-9-311.

22 (8) "Direct state aid" means 44.7% of the basic entitlement and 44.7% of the total per-ANB entitlement
23 for the general fund budget of a district and funded with state and county equalization aid.

24 (9) "Maximum general fund budget" means a district's general fund budget amount calculated from the
25 basic entitlement for the district, the total per-ANB entitlement for the district, the total quality educator payment,
26 the total at-risk student payment, the total Indian education for all payment, the total American Indian achievement
27 gap payment, the payments received under 20-9-343(4), and the greater of:

28 (a) 175% of special education allowable cost payments; or

29 (b) the ratio, expressed as a percentage, of the district's special education allowable cost expenditures
30 to the district's special education allowable cost payment for the fiscal year that is 2 years previous, with a

1 maximum allowable ratio of 200%.

2 (10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted
3 that is above the BASE budget and below the maximum general fund budget for a district.

4 (11) "Total American Indian achievement gap payment" means the payment resulting from multiplying
5 \$200 times the number of American Indian students enrolled in the district as provided in 20-9-330.

6 (12) "Total at-risk student payment" means the payment resulting from the distribution of any funds
7 appropriated for the purposes of 20-9-328.

8 (13) "Total Indian education for all payment" means the payment resulting from multiplying \$20.40 times
9 the ANB of the district or \$100 for each district, whichever is greater, as provided for in 20-9-329.

10 (14) "Total per-ANB entitlement" means the district entitlement resulting from the following calculations
11 and using either the current year ANB or the 3-year ANB provided for in 20-9-311:

12 (a) for a high school district or a K-12 district high school program, a maximum rate of \$5,704 for the first
13 ANB is decreased at the rate of 50 cents per ANB for each additional ANB of the district up through 800 ANB,
14 with each ANB in excess of 800 receiving the same amount of entitlement as the 800th ANB;

15 (b) for an elementary school district or a K-12 district elementary program without an approved and
16 accredited junior high school or middle school, a maximum rate of \$4,456 for the first ANB is decreased at the
17 rate of 20 cents per ANB for each additional ANB of the district up through 1,000 ANB, with each ANB in excess
18 of 1,000 receiving the same amount of entitlement as the 1,000th ANB; and

19 (c) for an elementary school district or a K-12 district elementary program with an approved and
20 accredited junior high school or middle school, the sum of:

21 (i) a maximum rate of \$4,456 for the first ANB for kindergarten through grade 6 is decreased at the rate
22 of 20 cents per ANB for each additional ANB up through 1,000 ANB, with each ANB in excess of 1,000 receiving
23 the same amount of entitlement as the 1,000th ANB; and

24 (ii) a maximum rate of \$5,704 for the first ANB for grades 7 and 8 is decreased at the rate of 50 cents per
25 ANB for each additional ANB for grades 7 and 8 up through 800 ANB, with each ANB in excess of 800 receiving
26 the same amount of entitlement as the 800th ANB.

27 (15) "Total quality educator payment" means the payment resulting from multiplying \$2,000 times the
28 number of full-time equivalent educators as provided in 20-9-327."

29

30 **Section 2.** Section 20-9-343, MCA, is amended to read:

1 **"20-9-343. Definition of and revenue for state equalization aid.** (1) As used in this title, the term "state
2 equalization aid" means revenue as required in ~~this section~~ subsections (1) and (2) for:

3 (a) distribution to the public schools for guaranteed tax base aid, BASE aid, state reimbursement for
4 school facilities, and grants for school technology purchases; and

5 (b) negotiated payments authorized under 20-7-420(3) up to \$500,000 a biennium.

6 (2) The superintendent of public instruction may spend throughout the biennium funds appropriated for
7 the purposes of guaranteed tax base aid, BASE aid for the BASE funding program, state reimbursement for
8 school facilities, negotiated payments authorized under 20-7-420(3), and school technology purchases.

9 ~~(3) From July 1, 2001, through June 30, 2003, the following money must be paid into the guarantee
10 account provided for in 20-9-622 for the public schools of the state as indicated:~~

11 ~~—— (a) interest and income money described in 20-9-341 and 20-9-342; and~~

12 ~~—— (b) investment income earned by investing interest and income money described in 20-9-341 and
13 20-9-342.~~

14 ~~(4)(3) Beginning July 1, 2003, the~~ The following money must be paid into the guarantee account provided
15 for in 20-9-622 for the public schools of the state as indicated:

16 (a) (i) subject to subsection ~~(4)(a)(ii)~~ (3)(a)(ii), interest and income money described in 20-9-341 and
17 20-9-342; and

18 (ii) an amount of money equal to the income money attributable to the difference between the average
19 sale value of 18 million board feet and the total income produced from the annual timber harvest on common
20 school trust lands during the fiscal year, which is statutorily appropriated, pursuant to 20-9-534, to be used for
21 the purposes of 20-9-533;

22 (b) investment income earned by investing interest and income money described in 20-9-341 and
23 20-9-342.

24 (4) Beginning July 1, 2007, an amount of money equal to the royalty payments attributable to oil and gas
25 activity on trust land in the public school fund must be allocated as follows:

26 (a) an amount equal to the lesser of \$50 per ANB or the allocable share per ANB of one-fifth of the
27 amount described in subsection (4), to be deposited in a technology acquisition and depreciation fund, as
28 provided in 20-9-533;

29 (b) an amount equal to the lesser of \$100 per ANB or the allocable share per ANB of two-fifths of the
30 amount described in subsection (4), to be used for programs for at-risk students, as defined in 20-1-101; and

1 (c) an amount equal to the lesser of \$100 per ANB or the allocable share per ANB of two-fifths of the
2 amount described in subsection (4), to be used for programs to serve gifted and talented children, as provided
3 in 20-7-903."

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5 **Section 3.** Section 20-9-534, MCA, is amended to read:

6 **"20-9-534. School technology purchases.** By September 1, the superintendent of public instruction
7 shall:

8 (1) allocate the annual amount for grants for school technology purchases to each district based on the
9 ratio that each district's BASE budget bears to the statewide BASE budget amount for all school districts
10 multiplied by the amount of money provided in 20-9-343 for the purposes of 20-9-533 in the prior fiscal year. The
11 grants for school technology purchases are statutorily appropriated, as provided in 17-7-502.

12 (2) distribute the allocation contained in 20-9-343(4)(a) to each district."

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14 **Section 4.** Section 20-9-620, MCA, is amended to read:

15 **"20-9-620. Definition.** (1) As used in 20-9-621, 20-9-622, and this section, "distributable revenue"
16 means, except for that portion of revenue described in ~~20-9-343(4)(a)(ii)~~ 20-9-343(3)(a)(ii) and available ~~on or~~
17 ~~after July 1, 2003~~ for distribution, 77-1-607, and 77-1-613, 95% of all revenue from the management of school
18 trust lands and the permanent fund, including timber sale proceeds, lease fees, interest, dividends, and net
19 realized capital gains.

20 (2) The term does not include mineral royalties or land sale proceeds that are deposited directly in the
21 permanent fund or net unrealized capital gains that remain in the permanent fund until realized."

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23 NEW SECTION. **Section 5. Effective date.** [This act] is effective July 1, 2007.

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